



## Montana TY2006 E~File Test Packet

### Montana Test 10

(revised 12/7/2006)

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**Forms:** Form 2 (long form)  
Form 2 EC (elderly homeowner/renter credit)  
Form SS (Social Security worksheet)

**Name:** Carlson, James 400-00-6829 (primary)

**Dependents:** None

**Address:** PO Box 514  
Ronan, MT 59864

**Return Status:** Refund

**Filing Status:** 3C (Married filing separate and spouse not filing)

**Residency Status:** Resident Full Year

**Exemptions:** 1 Primary (yourself)  
1 65 or older  
2 Total

**Deduction:** Standard Deduction

**Notes:** NAICS Code should be 621510  
\$750 in other income is for jury duty pay  
Spouse SSN for seq # 0815 should be 400-00-6828  
May DOR discuss return with preparer should be "Y"  
Taxpayer phone number should be (406) 444-6957  
Refund amount is **\$80.00**  
Direct Deposit information  
Rtn #: 012456778  
Acct #: 15426879993  
Acct type: Savings

2006

## Montana Individual Income Tax Return

Form 2

For the year Jan 1 – Dec 31, 2006 or the tax year beginning ,2005, ending ,20

Montana

Amended Return <input type="checkbox"/>	Your first name and initial <b>JAMES</b>	Last name <b>CARLSON</b>	Deceased <input type="checkbox"/>	Your social security number <b>400-00-6829</b>
Check the box above if this is an amended return.	Spouse's first name and initial	Last name	Deceased <input type="checkbox"/>	Spouse's social security number
	Home address (number and street) <b>PO BOX 514</b>		City <b>RONAN</b>	State <b>MT</b> Zip+4 <b>59864</b>
Filing Status (check only one box)	1 <input type="checkbox"/> Single	3b <input type="checkbox"/> Married filing separately on separate forms. Spouse's SSN.		
	2 <input type="checkbox"/> Married filing jointly	3c <input checked="" type="checkbox"/> Married filing separately and spouse not filing. Spouse's SSN.	<b>400-00-6828</b>	
	3a <input type="checkbox"/> Married filing separately on the same form	4 <input type="checkbox"/> Head of household		
Residency Status (check only one box)			Date of change: State moved to: State moved from:	
5a <input checked="" type="checkbox"/> Resident full year			5b <input type="checkbox"/> Nonresident full year	
			5c <input type="checkbox"/> Resident part-year	

## Exemptions

					Column A (for single, joint, separate, or head of household)	Column B (for spouse when filing separately using filing status 3a)	
6a	<input checked="" type="checkbox"/> Yourself.....	<input checked="" type="checkbox"/> 65 or older.....	<input type="checkbox"/> Blind.....	Enter number checked	<b>2</b>	6a	
6b	<input type="checkbox"/> Spouse.....	<input type="checkbox"/> 65 or older.....	<input type="checkbox"/> Blind.....	Enter number checked		6b	
6c	Dependent's first name	Last name	SSN	Relationship	Disabled		
6d	If additional dependents, see instructions. Add lines 6a thru 6c and enter total exemptions here.					<b>2</b>	6d

## Enter amounts corresponding to your federal return.

Round to nearest dollar. If no entry, leave blank.

Federal Income	7	Wages, salaries, tips, etc. Attach federal Form(s) W-2.....	7		7
	8a	Taxable interest. Attach federal Schedule B if required.....	8a		8a
	b	Tax-exempt interest. Do not include on line 8a. 8b A: B:	8b		
	9a	Ordinary dividends. Attach federal Schedule B if required.....	9a		9a
	b	Qualified dividends..... 9b A: B:	9b		
	10	Taxable refunds, credits, or offsets of state and local income taxes.....	10		10
	11	Alimony received.....	11		11
	12	Business income or (loss). Attach federal Schedule C or C-EZ NAICS: <b>621510</b>	12	<b>(750)</b>	12
	13	Capital gain or (loss). Attach federal Schedule D if required.....	13		13
	14	Other gains or (losses). Attach federal Schedule 4797.....	14		14
Federal Adjusted Gross Income	15a	IRA distributions..... 15a. A: <b>2500</b> B: Taxable amount...	15b	<b>1000</b>	15b
	16a	Pensions and annuities.. 16a. A: <b>10000</b> B: Taxable amount...	16b	<b>7500</b>	16b
	17	Rental real estate, royalties, partnerships, S. corporations, trust. Attach federal Sch. E.....	17		17
	18	Farm income or (loss). Attach federal Schedule F.....	18		18
	19	Unemployment compensation.....	19		19
	20a	Social security benefits 20a. A: <b>6300</b> B: Taxable amount...	20b	<b>3150</b>	20b
	21	Other income. List type and amount.	21	<b>750</b>	21
	22	Add the amounts in the far right columns for lines 7 thru 21. This is your total income.....	22	<b>11650</b>	22
	23	Archer MSA deduction. Attach federal Form 8853.....	23		23
	24	Certain business expenses or reservist, etc. Attach Schedule 2106 or 2106EZ....	24		24
Montana AGI	25	Health savings account deduction. Attach federal Form 8889.....	25		25
	26	Moving expenses. Attach federal Form 3903.....	26		26
	27	One-half of self-employment tax. Attach federal Schedule SE.....	27		27
	28	Self-employed SEP, SIMPLE, and qualified plans.....	28		28
	29	Self-employed health insurance deduction.....	29		29
	30	Penalty on early withdrawal of savings.....	30		30
	31a	Alimony paid..... 31b. Recipient's SSN. A: B:	31a		31a
	32	IRA deduction.....	32		32
	33	Student loan interest deduction.....	33		33
	34	Jury duty pay you gave to your employer.....	34	<b>750</b>	34
Montana AGI	35	Domestic production activities deduction. Attach federal Form 8903.....	35		35
	36	Add lines 23 through 31a and 32 through 35 and enter the result here.....	36	<b>750</b>	36
	37	Subtract line 36 from line 22 and enter result here.....	37	<b>10900</b>	37
	37a	Combine amounts on line 37 columns A and B and enter result here. This is your federal adjusted gross income.	37a	<b>10900</b>	37a
Montana AGI	38	Enter Montana additions to federal AGI from Form 2, page 3, Schedule I, line 17. Attach Form 2, page 3, Schedule I.....	38		38
	39	Enter Montana subtractions from federal AGI from Form 2, page 4, Schedule II, line 34. Attach Form 2, page 4, Schedule II.....	39	<b>6750</b>	39
40	Add lines 37 and 38, then subtract line 39. This is your Montana adjusted gross income.....	40	<b>4150</b>	40	

	41	41	41								
<b>Taxable Income</b>											
41 Montana adjusted gross income from line 40.....	41	4150	41								
<b>Deductions</b>											
42 (A) Standard Deduction	(A) <input checked="" type="checkbox"/>										
(B) Itemized Deductions (from Form 2, Schedule III, line 32....	(B) <input type="checkbox"/>	1650	42								
43 Subtract line 42 from line 41 and enter the result here.....	43	2500	43								
<b>Exemptions</b> (all individuals are entitled to at least one exemption)											
44 Multiply \$1,980 by the number of exemptions on line 6d and enter result here..	44	3960	44								
45 Subtract line 44 from line 43 and enter the result here. If zero or less, enter zero. <b>This is your taxable income.</b>	45	0	45								
<b>Tax</b>											
46 Tax from the tax table on <b>page ??</b> . If line 45 is zero, enter zero.....	46		46								
47 1% capital gains tax credit.....	47		47								
48 Subtract line 47 from line 46 and enter the result here, but not less than zero.	48		48								
<b>This is your resident tax after capital gains tax credit.</b>											
48a Non-resident, part-year resident tax after capital gains tax credit. Enter here the amount from Form 2, Schedule IV, line 21, but not less than zero....	48a		48a								
49 Tax on lump-sum distributions. See instructions. Attach federal Form 4972....	49		49								
50 Add lines 48 or 48a and 49 and enter the result here. <b>This is your total tax.</b>	50		50								
<b>Credits</b>											
51 Nonrefundable single-year credits from Form 2, Schedule V, line 13.....	51		51								
52 Nonrefundable carryover credits from Form 2, Schedule V, line 26.....	52		52								
53 Add lines 51 and 52 and enter the result here but do not enter an amount larger than the amount on line 50. <b>This is your total nonrefundable credits</b>	53		53								
<b>Other Taxes</b>											
54 Family education savings account recapture tax.....	54		54								
55 Endowment credit recapture tax.....	55		55								
56 Rural physician's credit recapture tax.....	56		56								
57 Add lines 54 through 56 and enter result here. <b>This is your total other taxes.</b>	57		57								
<b>Tax Liability</b>											
58 Add lines 50 and 57 and then subtract from this total the amount on line 53 and enter the result here. <b>This is your 2006 tax liability.</b>	58		58								
59 Combine the amounts on line 58 columns A and B and enter the result here. <b>This is your combined 2006 tax liability.</b>	59		59								
<b>Payments and Refundable Credits</b>											
60 Montana income tax withheld. Attach federal Form(s) W-2 and 1099.....	60		60								
61 2006 estimated tax payments and amount applied from your 2005 return.....	61		61								
62 2006 extension payments from Form EXT-06.....	62		62								
63 Refundable credits from Form 2, Schedule V, line 31.....	63	280	63								
64 Add lines 60 through 63 and enter the result here. <b>This is your total payments, and refundable credits.</b>	64	280	64								
65 Combine amounts on line 64 columns A and B. <b>This is your combined payments and refundable credits.</b>	65	280	65								
<b>Penalties, Interest and Contribution</b>											
66 Interest on underpayment of estimated taxes. (See instructions and worksheet on <b>page ??</b> ).....	66		66								
67 Late file, late pay penalties and interest. (See instructions and worksheet on <b>page ??</b> ).....	67		67								
68 Other penalties. (See instructions on <b>page ??</b> ).....	68		68								
69 Enter in boxes 69a through 69d your Voluntary Check-off Contributions											
<table border="1"> <thead> <tr> <th>Nongame wildlife program</th> <th>Child abuse prevention</th> <th>Agriculture in schools</th> <th>End-stage renal disease</th> </tr> </thead> <tbody> <tr> <td>69a)</td> <td>69b)</td> <td>69c)</td> <td>69d)</td> </tr> </tbody> </table>	Nongame wildlife program	Child abuse prevention	Agriculture in schools	End-stage renal disease	69a)	69b)	69c)	69d)	69	Enter the sum of 69a through 69d here	69
Nongame wildlife program	Child abuse prevention	Agriculture in schools	End-stage renal disease								
69a)	69b)	69c)	69d)								
70 Add the amounts on line 59, 66, 67, 68 and 69 and enter the result here. <b>This is the sum of your total tax, penalties, interest and contributions.</b>	70		70								
<b>Amount You Owe or Your Refund</b>											
71 If line 70 is more than line 65, enter the difference here. <b>This is the amount you owe.</b> Make check payable to MONTANA DEPARTMENT OF REVENUE or visit our website at <a href="http://www.mt.gov/revenue">www.mt.gov/revenue</a> to pay by credit card or E-check.....	71		71								
72 If line 70 is less than line 65, enter the difference here.....	72	280	72								
73 Enter the amount on line 72 that you want applied to your 2007 estimated tax.....	73	200	73								
74 Subtract line 73 from line 72 and enter the amount here. <b>This is your refund.</b>	74	80	74								
If you wish to use direct deposit enter your RTN# and ACCT# below. See instructions.											
RTN <u>012456778</u> ACCT# <u>15426879993</u>											
		<input checked="" type="checkbox"/> checking <input type="checkbox"/> savings									

If applicable, check appropriate box.	Name, address and telephone number of paid preparer.	<input type="checkbox"/> Extension – Check this box and attach a copy of your federal Form 4868 to receive your Montana extension.
2/3 <sup>rd</sup> farming gross income <input type="checkbox"/>		
Annualized estimated payments <input type="checkbox"/>		
Do not mail 2007 forms and instructions <input type="checkbox"/>	SSN, FEIN or PTIN:	
May the DOR discuss this return with your tax preparer? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>		
Questions? Call (406) 444-6900 or TDD (406) 444-2830 for hearing impaired.		

<b>X</b>	(406) 444-6957	<b>X</b>
Your signature is required	Date	Spouse's signature
	Daytime telephone number	Date

<b>Schedule I: Montana Additions to Federal Adjusted Gross Income</b> <b>Enter on the corresponding line your additions to federal adjusted gross income.</b> <b>File Schedule I with your Montana Form 2.</b>		Column A (for single, joint, separate, or head of household)	Column B (for spouse when filing separately using filing status 3a)
<b>1</b> Interest and mutual fund dividends from state, county, or municipal bonds from other states.....	<b>1</b>		<b>1</b>
<b>2</b> Dividends not included in federal adjusted gross income.....	<b>2</b>		<b>2</b>
<b>3</b> Taxable federal refunds. Complete <b>Worksheet ?? on page ??</b> .....	<b>3</b>		<b>3</b>
<b>4</b> Other recoveries of amounts deducted in earlier years that reduced Montana taxable income. Complete <b>Worksheet ?? on page ??</b> .....	<b>4</b>		<b>4</b>
<b>5</b> Addition to federal taxable social security/railroad retirement. Complete <b>Worksheet ?? on page ??</b> .....	<b>5</b>		<b>5</b>
<b>6</b> Additions for spouse filing joint federal return.			
<b>6a</b> Passive and rental income or loss adjustment.....	<b>6a</b>		<b>6a</b>
<b>6b</b> Capital loss adjustment.....	<b>6b</b>		<b>6b</b>
<b>6c</b> IRA deduction adjustment. Complete <b>Worksheet ?? on page ??</b> .....	<b>6c</b>		<b>6c</b>
<b>6d</b> Student loan interest adjustment.....	<b>6d</b>		<b>6d</b>
<b>7</b> Sole proprietor's allocation of compensation to spouse.....	<b>7</b>		<b>7</b>
<b>8</b> Medical care savings account nonqualified withdrawals.....	<b>8</b>		<b>8</b>
<b>9</b> First-time home buyer savings account nonqualified withdrawals.....	<b>9</b>		<b>9</b>
<b>10</b> Farm and ranch risk management account taxable distributions.....	<b>10</b>		<b>10</b>
<b>11</b> Addition for dependent care assistance credit adjustment.....	<b>11</b>		<b>11</b>
<b>12</b> Addition for smaller federal estate and trust taxable distributions.....	<b>12</b>		<b>12</b>
<b>13</b> Federal net operating loss carryover reported on Form 2, line 21.....	<b>13</b>		<b>13</b>
<b>14</b> Share of federal income taxes paid by your S. corporation.....	<b>14</b>		<b>14</b>
<b>15</b> Title plant depreciation and amortization.....	<b>15</b>		<b>15</b>
<b>16</b> Other additions. Specify: .....	<b>16</b>		<b>16</b>
<b>17</b> Add lines 1 through 16. Enter total here and on Form 2, line 38. <b>This is your total Montana additions to federal adjusted gross income.</b> .....	<b>17</b>		<b>17</b>

**For Returns With Payments**

Mail To:  
Montana Department of Revenue  
PO. Box 6308  
Helena, MT 59604-6308

**For All Other Returns**

Mail To:  
Montana Department of Revenue  
PO. Box 6577  
Helena, MT 59604-6577

<b>Schedule II: Montana Subtractions from Federal Adjusted Gross Income</b> Enter on the corresponding line your subtractions from federal adjusted gross income. File Schedule II with your Montana Form 2.		Column A (for single, joint, separate, or head of household)	Column B (for spouse when filing separately using filing status 3a)
1	Exempt interest and dividends from federal bonds, notes, and obligations..		
2	Exempt tribal income.....		
3	Exempt unemployment compensation.....		
4	Exempt workers' compensation benefits.....		
5	Exempt capital gains and dividends from small business investment companies.....		
6	State tax refunds included in Montana Form 2, line 10.....		
7	Recoveries of amounts deducted in earlier years that did not reduce Montana income.....		
8	Exempt military salary of residents on active duty.....		
9	Exempt income of nonresident military servicepersons and spouses.....		
10	Exempt life-insurance premiums reimbursement for National Guard and Reservist.....		
11	Partial pension and annuity income exemption. Report Tier II Railroad Retirement on line 23 below.....	3600	
12	Partial interest exemption from taxpayers 65 and older.....		
13	Partial retirement disability income exemption for taxpayers under age 65..		
14	Exemption for certain taxed tips and gratuities.....		
15	Exemption for certain income of child taxed to parent.....		
16	Exemption for certain health insurance premiums taxed to employee.....		
17	Exemption for student loan repayments taxed to health care professional...		
18	Exempt medical care savings account deposits and earnings.....		
19	Exempt first-time home buyer savings account deposits and earnings.....		
20	Exempt family education savings account deposits and earnings.....		
21	Exempt farm and ranch risk management account deposits.....		
22	Subtraction to federal taxable social security/Tier I Railroad Retirement reported on Form 2, line 20b.....	3150	
23	Subtraction for federal taxable Tier II Railroad Retirement benefits reported on Form 2, line 16b.....		
24	Subtractions for spouse filing joint federal return.		
24a	Passive loss carryover exclusion.....		
24b	IRA deduction adjustment.....		
24c	Capital loss adjustment.....		
25	Subtraction of sole proprietor for allocation of compensation to spouse.....		
26	Montana net operating loss carry over from Montana Form NOL, Schedule B.....		
27	40% capital gain exclusion for pre-1987 installment sales.....		
28	Subtraction for business related expenses for purchasing recycled material.....		
29	Subtraction for sales of land to beginning farmers.....		
30	Subtraction for larger federal estate and trust taxable distribution.....		
31	Subtraction for wage deduction reduced by federal targeted jobs credit.....		
32	Subtraction for certain gains recognized by liquidating corporation.....		
33	Other subtractions. Specify: .....		
34	Add lines 1 through 33, enter total here and on Form 2, line 39. <b>This is your total Montana subtractions from federal adjusted gross income..</b>	6750	

**Schedule III: Montana Itemized Deductions**  
**Enter on the corresponding line your itemized deductions.**  
**File Schedule III with your Montana Form 2.**

Column A (for single,  
joint, separate or head  
of household)

Column B (for spouse  
when filing separately  
using filing status 3a)

1	Medical and dental expenses.....	1	A:	B:	1		
2	Enter amount from Form 2, line 40.....	2	A:	B:	2		
3	Multiply line 2 by .075 (7.5%).....	3	A:	B:	3		
4	Subtract line 3 from line 1 and enter result here but not less than zero, <b>This is your deductible medical and dental expense subject to 7.5% of Montana AGI</b> .....	4			4		
5	Medical insurance premiums not deducted elsewhere on your return.....	5			5		
6	Long term care insurance premiums not deducted elsewhere on your return.....	6			6		
Complete lines 7a through 7d reporting your total federal income tax payments made in 2006 before completing line 7e. You cannot deduct your self-employment taxes paid on lines 7a through 7d.							
7a	Federal income tax withheld in 2006.....	7a	A:	B:	7a		
7b	Federal estimated tax payments paid in 2006.....	7b	A:	B:	7b		
7c	2005 federal income taxes paid in 2006..	7c	A:	B:	7c		
7d	Other back year federal income taxes paid in 2006.....	7d	A:	B:	7d		
7e	Add lines 7a through 7d and enter result here, but not more than \$5,000 if you are filing single, married filing separately, or head of household, or \$10,000 if filing a joint return with your spouse. <b>This is your federal income tax deduction</b> .....	7e			7e		
8	Local income taxes paid in 2006. See instruction on <b>page ??</b> .....	8			8		
9	Real estate taxes paid in 2006.....	9			9		
10	Personal property taxes paid in 2006.....	10			10		
11	Other deductible taxes. List type and amount:.....	11			11		
12	Home mortgage interest and points reported to you on federal Form 1098.....	12			12		
13	Home mortgage interest not reported to you on federal Form 1098. If paid to the person from whom you bought the house, provide name, SSN, and address. ....	13			13		
14	Points not reported to you on federal Form 1098.....	14			14		
15	Investment interest, Attach federal Form 4952.....	15			15		
16	Contributions made by cash or check during 2006.....	16			16		
17	Contributions made other than by cash or check.....	17			17		
18	Contribution carryover from the prior year.....	18			18		
19	Child and dependent care expenses. Attach Montana Form 2441M.....	19			19		
20	Casualty and theft loss(es). Attach federal Form 4684.....	20			20		
21	Unreimbursed employee business expenses. Attach federal Form 2106 or 2106EZ.....	21	A:	B:	21		
22	Other expenses. List type and amount:.....	22	A:	B:	22		
23	Add lines 21 and 22.....	23	A:	B:	23		
24	Enter the amount on Form 2, line 40.....	24	A:	B:	24		
25	Multiply line 24 by .02 (2%).....	25	A:	B:	25		
26	Subtract line 25 from line 23 and enter the result here, but not less than zero.....	26			26		
27	Political contributions (limited to \$100 per taxpayer).....	27			27		
28	Other miscellaneous deductions not subject to 2% of Montana AGI. List type and amount:.....	28			28		
29	Gambling losses allowed under federal law.....	29			29		
30	Add lines 4 through 6; 7e through 20; and 26 through 29 and enter result here.....	30			30		
If the amount on Form 2, line 40 is more than \$150,000, or more than \$75,250 if married filing separately, your deductions may be limited. Complete the itemized deduction Worksheet VI on <b>page ??</b> of the Form 2 instruction booklet and then continue to line 31; otherwise, go to line 32 below.							
31	Enter the amount from the itemized deduction Worksheet VI, line 9. <b>This is the amount of your non-allowed itemized deductions</b> .....	31			31		
32	Subtract line 31 from line 30 and enter the result here and on Form 2, line 42. <b>This is the amount of your allowable itemized deductions</b> .....	32			32		



<b>Schedule IV: Non-resident/Part-year Resident Tax</b> <b>File Schedule IV with your Montana Form 2.</b>		Column A (for single, joint, separate, or head of household)	Column B (for spouse, when filing separately using filing status 3a)
Enter on lines 1 through 15 your Montana source income that is included in Montana adjusted gross income on Form 2, lines 7 through 21 and line 38.			
<b>1</b>	Montana wages, salaries, tips, etc. included on Form 2, line 7.....	<b>1</b>	<b>1</b>
<b>2</b>	Montana taxable interest included on Form 2, line 8a.....	<b>2</b>	<b>2</b>
<b>3</b>	Montana ordinary dividends included on Form 2, line 9a.....	<b>3</b>	<b>3</b>
<b>4</b>	Montana taxable refunds, credits, or offsets of state and local income taxes included on Form 2, line 10.....	<b>4</b>	<b>4</b>
<b>5</b>	Montana alimony received included on Form 2, line 11.....	<b>5</b>	<b>5</b>
<b>6</b>	Business income or (loss) included on Form 2, line 12.....	<b>6</b>	<b>6</b>
<b>7</b>	Capital gain or (loss) included on Form 2, line 13.....	<b>7</b>	<b>7</b>
<b>8</b>	Other gains or (losses) included on Form 2, line 14.....	<b>8</b>	<b>8</b>
<b>9</b>	Taxable IRA distribution included on Form 2, line 15b.....	<b>9</b>	<b>9</b>
<b>10</b>	Taxable pension and annuities included on Form 2, line 16b.....	<b>10</b>	<b>10</b>
<b>11</b>	Rental real estate, royalties, partnerships, S. corporations, trust, etc. included on Form 2, line 17.....	<b>11</b>	<b>11</b>
<b>12</b>	Farm income or (loss) included on Form 2, line 18.....	<b>12</b>	<b>12</b>
<b>13</b>	Taxable social security benefits included on Form 2, line 20b.....	<b>13</b>	<b>13</b>
<b>14</b>	Other income included on Form 2, line 21.....	<b>14</b>	<b>14</b>
<b>15</b>	Montana source additions to income reported on Form 2, Schedule I.....	<b>15</b>	<b>15</b>
<b>16</b>	Add lines 1 through 15 and enter result here. <b>This is your Montana source income.</b> .....	<b>16</b>	<b>16</b>
<b>17</b>	Add your total federal income from Form 2, line 22 and your Montana additions to federal adjusted gross income from line 38 and enter the result here. (If you are a non-resident military service person and spouse, skip line 17 and go to line 18). <b>This is your total income from all sources.</b> Skip line 18 and go to line 19).....	<b>17</b>	<b>17</b>
<b>18</b>	<b>Non-resident military service persons and spouses only:</b> Add from Form 2, lines 22 and 38, then subtract from this sum your exempt income reported on Form 2, Schedule II, line 9 and enter the result here. <b>This is your total income from all sources.</b> .....	<b>18</b>	<b>18</b>
<b>19</b>	Divide the amount on line 16 by the amount on line 17 (line 18 if you are a non-resident military service person and spouse) and enter the result here. Carry to 4 decimal places and do not enter more than 1.0000.....	<b>19</b>	<b>19</b>
<b>20</b>	Enter your resident tax after capital gains tax credit from Form 2, line 48.....	<b>20</b>	<b>20</b>
<b>21</b>	Multiply the tax on line 20 by the percentage on line 19 and enter the result here and on Form 2, line 48a. <b>This is your non-resident, part-year resident tax after capital gains tax credit.</b> .....	<b>21</b>	<b>21</b>

**How do I determine what qualifies as my Montana source income when I am a non-resident of Montana?**

In general, as a non-resident of Montana your Montana source income is all the income that you receive for work that you perform in Montana, income that you receive from real or personal property that is located in Montana, and income that you receive from a business conducted in Montana.

**How do I determine my Montana source income when I am a part-year resident of Montana?**

As a part-year resident you are considered a resident for part of the year and a non-resident for the other part of the year.

In general, for the part of the year that you are a non-resident your Montana source income is all the income that you receive for work that you perform in Montana, income that you receive from real or personal property that is located in Montana, and

income that you receive from a business conducted in Montana.

For the part of the year that you are a resident, all of your income that you receive, no matter where you earn it, is Montana source income.

**Where can I find further information on what is my Montana source income?**

For further information and a line by line description of what Montana source income is, refer to pages ?? through ?? of the instruction booklet for Form 2, Schedule I.

<b>Schedule V: Montana Tax Credits</b>		Column A (for single, joint, separate, or head of household)	Column B (for spouse, when filing separately using filing status 3a)
<b>Enter on the corresponding line your Montana tax credits.</b>			
<b>File Schedule V with your Montana Form 2.</b>			
Nonrefundable credits that are single-year credits and <b>HAVE NO</b> carryover provision			
<b>1</b>	Credit for an income tax liability paid to another state or country from Form 2, Schedules VI, line 10 or VII, line 10.....	<b>1</b>	<b>1</b>
<b>2</b>	College contribution credit. Attach Form CC.....	<b>2</b>	<b>2</b>
<b>3</b>	Qualified endowment credit. Attach Form QEC.....	<b>3</b>	<b>3</b>
<b>4</b>	Energy conservation installation credit. Attach Form ENRG-C.....	<b>4</b>	<b>4</b>
<b>5</b>	Alternative fuel credit. Attach Form AFCR.....	<b>5</b>	<b>5</b>
<b>6</b>	Rural physician's credit.....	<b>6</b>	<b>6</b>
<b>7</b>	Health insurance for uninsured Montanans credit. Attach Form HI.....	<b>7</b>	<b>7</b>
<b>8</b>	Elderly care credit. Attach Form ECC.....	<b>8</b>	<b>8</b>
<b>9</b>	Developmental disability account contribution credit.....	<b>9</b>	<b>9</b>
<b>10</b>	Recycle credit. Attach Form RCYL.....	<b>10</b>	<b>10</b>
<b>11</b>	Oil seed crushing and biodiesel production facility credit. Attach Form OSC.....	<b>11</b>	<b>11</b>
<b>12</b>	Biodiesel blending and storage tank credit and attach Form BBSC.....	<b>12</b>	<b>12</b>
<b>13</b>	Add lines 1 through 12 and enter result here and on Form 2, line 51. <b>This is your total nonrefundable single-year credits</b> .....	<b>13</b>	<b>13</b>
Nonrefundable credits that <b>HAVE</b> a carryover provision			
<b>14</b>	Contractor's gross receipts tax credit .....	<b>14</b>	<b>14</b>
<b>15</b>	Geothermal systems credit. Attach Form ENRG-A.....	<b>15</b>	<b>15</b>
<b>16</b>	Alternative energy systems credit. Attach Form ENRG-B.....	<b>16</b>	<b>16</b>
<b>17</b>	Alternative energy production credit. Attach Form AEPC.....	<b>17</b>	<b>17</b>
<b>18</b>	Dependent care assistance credit. Attach Form DCAC.....	<b>18</b>	<b>18</b>
<b>19</b>	Historic property preservation credit. Attach federal Form 3468.....	<b>19</b>	<b>19</b>
<b>20</b>	Montana capital company credit.....	<b>20</b>	<b>20</b>
<b>21</b>	Infrastructure user's fee credit.....	<b>21</b>	<b>21</b>
<b>22</b>	Empowerment zone credit.....	<b>22</b>	<b>22</b>
<b>23</b>	Increasing research activities credit. Attach Form RSCH.....	<b>23</b>	<b>23</b>
<b>24</b>	Mineral exploration incentive credit. Attach Form MINE-CRED.....	<b>24</b>	<b>24</b>
<b>25</b>	Film employment production credit. Attach Form FPC. Report your credit on this line if you have made the one-time four year carry forward election.....	<b>25</b>	<b>25</b>
<b>26</b>	Add lines 14 through 25 and enter result here and on Form 2, line 52. <b>This is your total nonrefundable carryover credits</b> .....	<b>26</b>	<b>26</b>
Refundable credits			
<b>27</b>	Elderly homeowner/renter credit. Attach Form 2EC.....	<b>27</b>	<b>27</b>
<b>28</b>	Film employment production credit. Attach Form FPC.....	<b>28</b>	<b>28</b>
<b>29</b>	Film qualified expenditure credit. Attach Form FPC.....	<b>29</b>	<b>29</b>
<b>30</b>	Insure Montana small business health insurance credit-Company's EIN.....	<b>30</b>	<b>30</b>
<b>31</b>	Add lines 27 through 30 and enter result here and on Form 2, line 63. <b>This is your total refundable credits</b> .....	<b>31</b>	<b>31</b>

## MONTANA TAX CREDITS

We have listed the 27 Montana tax credits available to you under three categories. With the exception to the capital gains tax credit, which is required to be applied before any other credit, (refer to the instructions for Form 2, line 47 for the capital gains tax credit) you are not required to apply any of these 27 tax credits against your income tax liability in any particular order.

- **Nonrefundable single-year credits.** Your nonrefundable single-year credits can only be used to offset your 2006 resident, non-resident, or part-year resident tax after capital gains credit and cannot reduce your tax liability below zero. The unused portion of your nonrefundable single-year credits that

exceeded your 2006 income tax liability are lost and are unable to be used in future years.

- **Nonrefundable carryover credits.** Your nonrefundable carryover credits can be used to offset your 2006 resident, non-resident, or part-year resident tax after capital gains credit and cannot reduce your tax liability below zero. Your excess nonrefundable credits that were not applied against your 2006 income tax liability can be carried over and used to offset future year tax liabilities.
- **Refundable credits.** Your refundable credits are applied against your income tax liability with any unused credit refunded to you.



**Instructions:** You may claim a credit for an income tax liability paid to another state or country by yourself, your S. corporation or your partnership. If you claim this credit for an income tax paid by your S. corporation or partnership, you will need to include as an addition to federal adjusted gross income on Form 2, Schedule I, line 16 your share of the S. corporation's or partnership's deduction for income tax paid, whether separately or non-separately stated on your federal K-1.

**NEW FOR TAX YEAR 2006:** You are not entitled to a Montana tax credit for taxes paid to a foreign country if you claimed these foreign taxes paid as a foreign tax credit on your federal income tax return.

- Your credit is limited to an income tax liability paid on income that is also taxed by Montana.
- Your income taxes paid include excise taxes or franchise taxes that are imposed on and measured by the net income of your S. corporation or partnership.
- This is a nonrefundable credit and cannot reduce your Montana tax liability below zero.
- This is a nonrefundable single year credit. No unused credit amount can be carried forward.
- You will need to complete a separate Schedule VI or VII for each state or country that you have paid an income tax liability to. You can not combine payments on one schedule.
- If you are a part-year resident, you have to allocate your income using Form 2, Schedule IV before completing Form 2, Schedule VII.

<b>Schedule VI: Credit for an Income Tax Liability Paid to Another State or Country. Full-year resident only.</b>		Column A (for single, joint, separate, or head of household)	Column B (for spouse, when filing separately using filing status 3a)	
<b>1</b>	Enter your income taxable to another state or country that is included in Montana adjusted gross income on Form 2, line 40. Where applicable, this includes your share of income taxes paid that were claimed as a deduction by your S. corporation or partnership.....			<b>1</b>
<b>2</b>	Enter your total income from the other state or country you used in calculating your income tax paid to that state or country. Include in this total all income exempt from Montana income tax that was subject to tax in the other state or country.....			<b>2</b>
<b>3</b>	Enter your total Montana adjusted gross income from Form 2, line 40. Where applicable, this includes your share of income taxes paid that are claimed as a deduction by your S. corporation or partnership.....			<b>3</b>
<b>4</b>	Enter your total income tax liability paid to the other state or country.....			<b>4</b>
<b>5</b>	Enter your Montana tax liability from Form 2, line 48 .....			<b>5</b>
<b>6</b>	Divide line 1 by line 2. Enter the percentage here, but not more than 100%.....			<b>6</b>
<b>7</b>	Multiply line 4 by line 6 and enter the result here.....			<b>7</b>
<b>8</b>	Divide line 1 by line 3. Enter the percentage here, but not more than 100%.....			<b>8</b>
<b>9</b>	Multiply line 5 by line 8 and enter the result here.....			<b>9</b>
<b>10</b>	Enter here and on Form 2, Schedule V, line 1, the smaller of the amounts reported on lines 4, 7, or 9 above. <b>This is your credit for an income tax paid to another state or country</b> .....			<b>10</b>
<b>Schedule VII: Credit for an Income Tax Liability Paid to Another State or Country. Part-year resident only.</b>		Column A (for single, joint, separate, or head of household)	Column B (for spouse, when filing separately using filing status 3a)	
<b>1</b>	Enter your income taxable to another state or country that is included in Montana source income on Form 2, Schedule IV, line 16, total Montana source income. Where applicable, this includes your share of income taxes paid that were claimed as a deduction by your S. corporation or partnership.....			<b>1</b>
<b>2</b>	Enter your total income from the other state or country you used in calculating your income tax paid to that state or country. Include in this total all income exempt from Montana income tax that was subject to tax in the other state or country.....			<b>2</b>
<b>3</b>	Enter your total Montana source income from Form 2, Schedule IV, line 16. Where applicable, this includes the share of income taxes paid that are claimed as a deduction by your S. corporation or partnership.....			<b>3</b>
<b>4</b>	Enter your total income tax liability paid to the other state or country.....			<b>4</b>
<b>5</b>	Enter your Montana tax liability from Form 2, line 48a.....			<b>5</b>
<b>6</b>	Divide line 1 by line 2. Enter the percentage here, but not more than 100%.....			<b>6</b>
<b>7</b>	Multiply line 4 by line 6 and enter the result here.....			<b>7</b>
<b>8</b>	Divide line 1 by line 3. Enter the percentage here, but not more than 100%.....			<b>8</b>
<b>9</b>	Multiply line 5 by line 8 and enter the result here.....			<b>9</b>
<b>10</b>	Enter here and on Form 2, Schedule V, line 1, the smaller of the amounts reported on lines 4, 7, or 9 above. <b>This is your credit for an income tax paid to another state or country</b> .....			<b>10</b>

<b>Schedule VIII: Reporting of Special Transactions</b> <b>File Schedule VIII with your Montana Form 2</b>	<b>Transaction</b>
<p>Complete Schedule VIII only if you and/or your spouse filed for federal income tax purposes any of the federal forms described below. Check the appropriate box indicating which form(s) you filed with your federal income tax return. If your answer is "yes" to one or more of these forms, you will need to attach a complete copy of your federal income tax return Form 1040.</p>	<p>Check "yes" if you are required to file any of the following forms with the Internal Revenue Service.</p>
<p><b>1 I filed federal Form 8264 – Application for Registration of a Tax Shelter with the Internal Revenue Service.</b></p> <p>Form 8264 is required to be filed to register a tax shelter.</p>	<p>1 <input type="checkbox"/> YES</p>
<p><b>2 I filed federal Form 8271 – Investor Reporting of Tax Shelter Registration Number with the Internal Revenue Service.</b></p> <p>Form 8271 is used to report the tax shelter registration number that the Internal Revenue Service assigns to certain tax shelters required to be registered under 26 USC 6111 and to report the name and identifying number of the tax shelter.</p>	<p>2 <input type="checkbox"/> YES</p>
<p><b>3 I filed federal Form 8824 – Like-Kind Exchanges with the Internal Revenue Service.</b></p> <p><b>NOTE: Check "yes" if your like-kind exchange includes Montana property. Non-residents do not have to report a like-kind exchange if the properties involved do not include Montana property.</b></p> <p>Form 8824 is used to report each exchange of business or investment property for property of a like kind.</p>	<p>3 <input type="checkbox"/> YES</p>
<p><b>4 I filed federal Form 8865 – Return of U.S. Persons With Respect to Certain Foreign Partnerships with the Internal Revenue Service.</b></p> <p>Form 8865 is used to report the information required under 26 USC 6038 (reporting with respect to controlled foreign partnerships), section 6038B (reporting of transfers to foreign partnerships), or section 6046A (reporting of acquisitions, dispositions, and changes in foreign partnership interest).</p>	<p>4 <input type="checkbox"/> YES</p>
<p><b>5 I am required to file federal Form 8886 – Reportable Transaction Disclosure Statement with the Internal Revenue Service.</b></p> <p>Form 8886 is used to disclose information for each reportable transaction in which you participated.</p>	<p>5 <input type="checkbox"/> YES</p>
<p><b>6 I filed federal Form 13656 – Notice of Election by Executive and Related Person to Participate in Announcement 2005-19 Settlement Initiative with the Internal Revenue Service.</b></p> <p>Form 13656 is an election to participate in the settlement initiative as described in Announcement 2005-19 and as contained in Internal Revenue Bulletin 2005-11 dated March 14, 2005.</p>	<p>6 <input type="checkbox"/> YES</p>
<p><b>7 I filed federal Form 13750 – Election to Participate in Announcement 2005-80 Settlement Initiative with the Internal Revenue Service.</b></p> <p>Form 13750 is an election to participate in the settlement initiative as described in Announcement 2005-80 and as contained in Internal Revenue Bulletin 2005-46 dated November 14, 2005.</p>	<p>7 <input type="checkbox"/> YES</p>

2006

## Montana Elderly Homeowner/Renter Credit

Form 2EC

File on or before April 16, 2007, or with your Form 2 or 2M

Montana

Amended Return	Your first name and initial <b>JAMES</b>	Last name <b>CARLSON</b>	Your social security number <b>400-00-6829</b>	If deceased, date of death
	Spouse's first name and initial	Last name	Spouse's social security number	If deceased, date of death
	Home address (number and street) <b>PO BOX 514</b>		City <b>RONAN</b>	State <b>MT</b>
			Zip+4 <b>59864</b>	

No

## Part I Qualifications

Yes

Yes

No

- I was age 62 or older as of December 31, 2006. ☒ Yes ☐ No
  - I occupied a Montana residence as an owner or renter for a total of 6 months or more during 2006. ☒ Yes ☐ No
  - I resided in Montana for 9 months or more during 2006. ☒ Yes ☐ No
  - My gross household income was less than \$45,000 in 2006. ☒ Yes ☐ No
- To qualify for this credit you will answer "yes" to all four statements above. A "no" answer means you are not eligible for this credit.

## Part II Household Income

1 Enter your total household income received from wages, fees bonuses, capital gains, dividends, interest, and other ordinary income. Do not include your losses in your total.....	1	
2 Enter your total household income from a business, partnership, rent, royalties, etc. Do not include your losses in this total.....	2	
3 Enter your total household interest on federal, state, county and municipal bonds.....	3	
4 Enter any alimony, public assistance, unemployment, state and federal tax refunds, prior year 2EC refunds, and other income that your household received during the year.....	4	
5 Enter your total household pension, annuities, IRA distributions, benefits from railroad retirement, public employee's retirement, veteran's disability and social security. ....	5	14800
6 Add lines 1 through 5 and enter the result here. If the sum is greater than \$45,000, stop here, because you do not qualify for the elderly homeowner/renter credit. <b>This is your gross household income</b> .....	6	14800
7 Entered here for you is your standard exclusion.....	7	\$6,300
8 Subtract line 7 from line 6 and enter result here, but not less than zero. <b>This is your total household income</b> .....	8	8500

## Part III Credit Computation

9 If you are a homeowner, enter the property tax that you were billed for 2006. This includes fees, special assessments, and SIDs on your residence and land not to exceed one acre. <b>This is your property tax billed</b> .....	9	612
10 If you rent your residence, enter the rent that you paid in 2006 on this residence.....	10	
11 Multiply line 10 by .15 (15%) and enter the result here. <b>This is your rent equivalent tax paid</b> .....	11	
12 Add lines 9 and 11 and enter the result here. ....	12	612
13 Enter here your total household income reported on line 8.....	13	8500
14 Enter here your multiplier rate from the Household Income Reduction Table located on the reverse side of Form 2EC.....	14	.039
15 Multiply line 13 by line 14 and enter the result here. <b>This is your net household income</b> .....	15	332
16 Subtract line 15 from line 12 and enter the result here. If the amount is zero or less, stop here. You cannot take the elderly homeowner/renter credit.....	16	280
17 Enter here the lesser of line 16 or \$1,000.....	17	280
18 • If your gross household income reported on line 6 is less than \$35,000, skip line 18 and enter the amount from line 17 on line 19 below. • If your gross household income reported on line 6 is \$35,000 or more, enter on line 18 the percentage multiplier listed below that corresponds to your gross household income reported on line 6. ....	18	

If the amount on line 6 is	then	Enter this percentage amount on line 18	If the amount on line 6 is	then	Enter this percentage amount on line 18
\$35,000 - \$37,500		.40 (40%)	\$42,501 - \$44,999		.10 (10%)
\$37,501 - \$40,000		.30 (30%)	\$45,000 - and over		.00 (00%)
\$40,001 - \$42,500		.20 (20%)			

19 Enter the amount from line 17, or where applicable, multiply line 17 by the percentage reported on line 18 and enter result here. <b>This is your elderly homeowner/renter credit</b> .....	19	280
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- If you are filing Montana Form 2, enter on Form 2, Schedule V, line 27, the amount on line 19 above.
- If you are filing Montana Form 2M, enter on Form 2M, Schedule II, line 7, the amount on line 19 above.
- If you are not required to file Montana Form 2 or 2M, mail your Form 2EC separately to the Montana Department of Revenue, PO Box 6577, Helena, MT 59604-6577.

If you wish to use direct deposit, enter your RTN# and ACCT# below.

RTN#

ACCT #

Checking

Savings

Name, address and telephone number of paid preparer

Preparer SSN or FEIN

May the DOR discuss this return with your tax preparer? Yes ☐ No ☐ Questions? Call (406) 444-6900 or TDD (406) 444-2830 for hearing impaired

Your signature is required

Date

Daytime telephone number

Spouse's signature

Date

I declare under penalty of false swearing that the information in this return and attachments is true, correct and complete.

# Worksheet VIII– Social Security Benefits

Your social security benefits taxable to Montana may be different from what is taxable to the federally. Complete this worksheet to determine your Montana taxable social security when filing Form 2. If you are filing Form 2M, refer to the instructions on page ??

Tier I Railroad Retirement benefits are not taxable to Montana. If the only social security benefits that you receive are from Tier I Railroad Retirement benefits and if you reported a portion of these benefits on your Form 2, line 20b as taxable benefit, enter this amount on Form 2, Schedule II, line 22.

	Column A (for single, joint, separate, or head of household)	Column B (for spouse when filing separately using filing status 3a)
1 Enter the total amount from box 5 of all your federal Form SSA-1099... 1	6300	
2 Multiply line 1 by .50 (50%) and enter result here..... 2	3150	
3 Add the amounts on Form 2, lines 7, 8a, 9a, 10 through 14, 15b, 16b, 17 through 19 and 21 and enter the result here..... 3	8500	
4 Add the amount on Form 2, Schedule I, lines 1 through 4, 6a through 6c, and 7 through 16, along with tax exempt interest that you reported on Form 2, line 8b, which is not included on Form 2, Schedule I, line 1..... 4	0	
5 Add lines 2, 3 and 4 and enter the result here..... 5	11650	
6 Add the amounts on Form 2, lines 23 through 32 and 34 plus any write-in adjustments on line 36 with the amounts on your Form 2, Schedule II, lines 2 through 21, 23, 24a through 24c, and 25 through 33, and enter the result here. .... 6	4350	
7 Is the amount on line 6 less than the amount on line 5? <input type="checkbox"/> No None of your social security benefits are taxable. Enter zero on line 18 and go to line 19. <input type="checkbox"/> Yes Subtract line 6 from line 5 and enter the result here..... 7	7300	
8 Enter the amount that corresponds to your filing status. \$32,000 in column A if your filing status is "married filing jointly." \$25,000 in column A if your filing status is "single" or "head of household." \$16,000 in columns A and B if your filing status is any "married filing separately" option. .... 8	16000	
9 Is the amount on line 8 less than the amount on line 7? <input type="checkbox"/> No None of your social security benefits are taxable. Enter zero on line 18 and go to line 19. <input type="checkbox"/> Yes Subtract line 8 from line 7 and enter the result here..... 9	0	
10 Enter the amount that corresponds to your filing status. \$12,000 in column A if your filing status is "married filing jointly." \$ 9,000 in column A if your filing status is "single" or "head of household." \$ 6,000 in columns A and B if your filing status is any "married filing separately" option. .... 10	6000	
11 Subtract line 10 from line 9 and enter the result here. If less than zero enter zero..... 11	0	
12 Enter here the smaller of line 9 or line 10..... 12	0	
13 Multiply line 12 by .50 (50%) and enter the result here..... 13	0	
14 Enter the smaller of line 2 or line 13..... 14	0	
15 Multiply line 11 by .85 (85%) and enter result here. If line 11 is zero, enter zero..... 15	0	
16 Add lines 14 and 15 and enter the result here..... 16	0	
17 Multiply line 1 by .85 (85%) and enter result here..... 17	5355	
18 Enter the smaller of line 16 or 17. <b>This is your Montana taxable social security benefits</b> ..... 18	0	
19 Enter the federal taxable amount of social security benefits that you reported on Form 2, line 20b..... 19	3150	
20 a. If line 19 equals line 18, the amount of the federal taxable social security benefits that you reported on Form 2, line 20b is the same amount that is taxable to Montana. No adjustment is necessary. b. If line 19 is less than line 18, enter the difference here and on Form 2, Schedule I, line 5. <b>This is the portion of your social security benefits that are exempt from federal tax and not included on Form 2, line 20b that are taxable to Montana</b> ..... 20b	0	
c. If line 19 is greater than line 18, enter the difference here and on Form 2, Schedule II, line 22. <b>This is the portion of your federal taxable social security benefits that are included on Form 2, line 20b that are not taxable to Montana</b> ..... 20c	3150	